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DRAFT AGREEMENT

—FOR THE—

CONSTRUCTION OF THE CANADIAN NORTHERN RAILWAY.

—o—

THIS AGREEMENT made the _____ day of _____, A.D. 1902, between His Majesty the King, in right of the Province of British Columbia, represented by the Honourable James Dunsmuir, Premier and President of the Executive Council, and the Honourable Wilmer Cleveland Wells, Chief Commissioner of Lands and Works for the said Province, hereinafter called the Government, of the first part, and the Canadian Northern Railway Company, hereinafter called the Company, of the second part:

Whereas the Company are now constructing a line of railway from Lake Superior, in the Province of Ontario, into the North-West Territories, with the ultimate object of reaching the Pacific seaboard:

And whereas the Company have proposed to the Government that if aid is given to them by the Province of British Columbia they will, with all reasonable expedition, commence the construction of a line of railway from the seaboard of British Columbia, from a point at or near Bute Inlet, to the eastern boundary of the Province of British Columbia at or near Yellowhead Pass, to join with their railway system now being built from Lake Superior as aforesaid:

And whereas the Company have agreed with the Government, in consideration of receiving the cash subsidy and the grant of land hereinafter mentioned, to build a standard gauge railway between the said points on the terms and conditions, and subject to the provisions hereinafter in this Agreement set forth:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:—

1. The Company covenant with the Government to lay out, construct, equip, fully complete and maintain, or cause to be laid out, constructed, equipped, fully completed and maintained, a line of railway, with all proper terminal facilities, from a point at or near Bute Inlet to the eastern boundary of British Columbia in the vicinity of Yellowhead Pass, which said railway, when fully completed as aforesaid, shall be a standard-gauge railway, and up to the general standard of like gauge transcontinental railways, and which said railway shall be the property of the Company.

2. The Company shall commence work on the construction of the railway on or before the first day of June, A.D. 1903, at a point at or near Bute Inlet, and will duly and diligently prosecute the same from Bute Inlet aforesaid eastward to a point in the vicinity of Quesnel, and thence to the eastern boundary of British Columbia at or near Yellowhead Pass.

3. The Company shall, before the commencement of the said work, give security for the due performance of the work herein provided for in the sum of fifty thousand dollars, not as a penalty, but as liquidated and ascertained damages due to His Majesty, in right of the Province of British Columbia, in case of default, conditioned that the railway shall be completed from a point at or near Bute Inlet to the eastern boundary of British Columbia within five years of the passage by the Legislative Assembly of the Province of British Columbia of an Act ratifying this Agreement; and upon completion of the railway the said security shall be returned to the Company or their nominees, and in the event of the security before mentioned being deposited with the Company in cash, the Government will allow to the Company, for such time as the money security shall remain in the hands of the Government, interest at the rate of three per cent. per annum.

4. To aid the Company in the construction of such railway, the Government will grant to the Company for each mile of said railway the following grants, namely:—

- (a.) For the first fifty miles of railway, commencing at Bute Inlet, the sum of forty-eight hundred dollars (\$4,800) per mile:
- (b.) From the end of the first fifty miles of railway, commencing at Bute Inlet, to a point at or near Quesnel, approximately one hundred and fifty miles, the sum of four thousand dollars (\$4,000) per mile:
- (c.) From a point at or near Quesnel to the eastern boundary of British Columbia, at or near Yellowhead Pass, the sum of four thousand five hundred dollars (\$4,500) per mile.

5. The said mileage grant shall be payable to the Company when and so soon as a certificate from the engineer appointed by the Government is given to the Government, that the Company have built twenty miles of railway of the quality and in accordance with the terms of this Agreement, and so on the Government will pay to the Company for each succeeding twenty miles of railway, until the whole line is finished between Bute Inlet, aforesaid, to a point on the eastern boundary of British Columbia at or near Yellowhead Pass; provided, however, that the Company, in lieu of cash, shall take and receive fifty-year debentures, or inscribed stock, of the Province of British Columbia, bearing interest at the rate of three per cent. per annum, half yearly, and at a fixed value of ninety-five cents on the dollar, if the Government determine to grant the aid in that way instead of cash; and in the event of the bonus being paid in stock or debentures, as aforesaid, the Government may hand over, and the Company shall receive, the difference between the agreed fixed value of the bonds and par in fifty-year debentures, or inscribed stock of the Province, bearing interest at the rate of three per centum per annum, half yearly, and at a fixed price of ninety-five cents on the dollar.

6. It is agreed that the Government, in addition to the foregoing grant, will grant to the Company lands in the Districts of Coast, Lillooet and Cariboo, not exceeding twenty thousand acres for each mile of standard gauge railway, as aforesaid, constructed by the Company, upon condition of their constructing the said line of railway between Bute Inlet, aforesaid, and the eastern boundary of British Columbia at or near Yellowhead Pass, within the hereinbefore mentioned time and according to the terms of this Agreement.

7. Upon the Company filing with the Chief Commissioner of Lands and Works a map or plan showing the general course and direction of the said railway, and the lands to be traversed, there shall be reserved a tract of land twenty miles on each side of the proposed railway, and which reservation shall have for its western boundary a line running, approximately, north and south, and being at a distance of fifty miles from the head of Bute Inlet: Provided, however, that if after the completion of the line of railway it is found that the reserve does not contain sufficient land to satisfy the proposed grant to the railway, the Company shall be entitled to areas of Crown lands in the districts contiguous to the said reserve, to be taken up in blocks of not less than one mile square, and granted to the Company in such manner as the Lieutenant-Governor in Council may determine, to make up for such last-mentioned deficiency.

8. As the work of construction upon the railway proceeds, the Lieutenant-Governor in Council will, on the completion of the sections as hereinafter mentioned, issue Crown Grants in favour of the Company as the Company may from time to time request, in the terms of the Schedule hereto.

9. The land earned by the Company shall be granted in the following manner, that is to say:—

- (a.) When the first fifty miles of railway from a point at or near Bute Inlet aforesaid easterly is completed, the land earned under said section shall be granted to the Company out of the reserved lands:
- (b.) When the railway is completed from the latter point to a point at or near Quesnel, the lands earned by the Company between these two last-mentioned points shall be granted to the Company out of the reserved lands:
- (c.) When the line is fully completed, to the satisfaction of the Lieutenant-Governor in Council, to a point on the eastern boundary of British Columbia at or near Yellowhead Pass, the balance of the land grant shall be granted to the Company.

10. The Company shall be entitled to unoccupied Crown lands, and to make up for any lands which, before the selection by the Company, shall have been alienated prior to the reserve by the Crown, or held by pre-emption or as mineral claims, upon satisfactory proof to the Lieutenant-Governor in Council of such facts, the Company shall be entitled to equal area of Crown lands in the said districts, to be taken up in blocks of not less than one mile square, and granted to the Company from time to time as the works proceed, in such manner as the Lieutenant-Governor in Council may determine, and in localities as near as practicable contiguous to the lands reserved.

11. The Government shall grant to the Company rights of way not exceeding two hundred feet in width along the line of railway and such Crown lands as may be necessary for terminal purposes, sidings, stations, sheds, wharves, warehouses, embankments, cuts, bridges, culverts, drains, and other works and approaches thereto. The Crown lands mentioned in this section shall be limited to such quantity as the Lieutenant-Governor in Council shall consider reasonable and necessary for the purposes of the Company.

12. The land to be granted to the Company shall not be subject to Provincial or Municipal taxation until alienated by lease, sale, agreement for sale, or otherwise by the Company, whichever event may soonest happen, and the railway and equipment and stations and station grounds, workshops, buildings, yards, rolling stock, appurtenances and other property required and used for the construction, equipment and working of the said line of railway, and all personal property owned or possessed by the said Company, and the capital stock and revenues of the Company shall be free from Provincial and Municipal taxation until the lapse of ten years from the completion of the railway.

13. Nothing in this agreement, and no grant to be made hereunder shall be construed to interfere with free miners entering upon and searching for minerals and acquiring claims in accordance with the mining laws of the Province, and they shall also have the right to acquire the surface of mineral claims from the Company except where such claims are within the immediate vicinity of railway depôts or townsites; in such cases the price to be determined shall be arrived at by arbitration under the provisions of the Arbitration Act; in other cases the price shall not exceed five dollars per acre, and the Company agree to dispose of the same to mineral claim-owners lawfully acquiring claims within the lands granted hereunder in accordance with the provisions of the mineral laws of the Province as they stand at the time of the signing of this agreement.

14. All lands granted to the Company shall be subject to all the royalties upon coal, timber and petroleum according to the land laws of the Province as they stand at the time of the signing of this Agreement.

15. The Company agree that they will, after the completion of the first one hundred miles of line, enter into an Agreement satisfactory to the Lieutenant-Governor in Council that they will maintain and operate a suitable steam ferry of the requirements necessary for the transportation of passengers and freight between the terminus of their railway on the seashore on the mainland of British Columbia and Vancouver Island, to join with the Comox and Cape Scott Railway, it being the true intent and meaning of this Agreement that the Company will within the time for the completion of the railway contemplated under this agreement in British Columbia, operate a continuous line from the eastern confines of British Columbia, at or near Yellowhead Pass, to a point on the seaboard at or near Bute Inlet, thence by ferry to Vancouver Island, to join with the line of railway which has its terminus at or near the City of Victoria on Vancouver Island.

16. The Company shall pay to the Government of the Province of British Columbia two per centum of the gross earnings of the said railway, but in no event for a longer time than when the Province shall have received a sum equal to the aid in money granted, without interest: Provided, however, that the Company may have the option of repaying at any time the whole subsidy.

17. Before any aid, by way of money, stock or debentures is handed over to the Company for any twenty-mile section, they shall produce satisfactory evidence that all workmen on the road have been paid their wages for work done by them on said section.

18. Notwithstanding anything contained in this Agreement, if the Company extend the line to Frederick Arm or any intervening point, the Government will grant to the Company,

in such manner as the Lieutenant-Governor in Council may determine, lands in the said district contiguous as near as practicable to the reserve before mentioned, not exceeding twenty thousand acres for each mile of standard gauge railway of such extension, and a cash subsidy of four thousand eight hundred dollars per mile, payable for each and every mile of such extension, and payable in the manner and upon the terms of the cash subsidy for other portions of the road hereinbefore mentioned; and provided further, that the Company may at any time select as a portion of the land subsidy to be granted to them, a tract or tracts of land not less than one mile square in extent, between the westerly end of the said reserve and Frederick Arm; and upon the Company filing with the Chief Commissioner of Land and Works a general map or plan showing such selection, the Government will cause to be reserved the lands referred to in said selection, to be afterwards granted to the Company on the construction of the said extension, and the lands to be granted to the Company for such extension contiguous to the said reserve mentioned in section seven hereof, shall be reduced to the extent of the amount of lands included in the section of the railway to be granted under this section. The Company agree that they will within sixty days after the ratification of this Agreement, as hereinafter mentioned, put on engineers to make a preliminary survey of the route proposed to be covered by the railway, and if at any time prior to the 1st day of November, 1902, the Company shall, in writing, notify the Government that after looking over and making such preliminary survey, their engineers report that the route is impracticable and therefore they do not wish to be bound by this Agreement, then, and in that case such notification shall amount to a cancellation of this Agreement and all covenants contained herein.

19. The Government will join with the Company and petition the Government of the Dominion of Canada to grant a subsidy in aid of the construction of the said railway, and render and grant any and all assistance in their power to such end.

20. Whenever in these presents the Company is mentioned or referred to, such reference or mention shall extend to and include its successors and assigns.

21. The said land grants shall only apply to the main line of railway, and not to any branch lines.

22. This Agreement is to have no force or effect until it is ratified by an Act of the Legislative Assembly of the Province of British Columbia.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year above first written.

Signed, sealed and delivered in the presence of)

VICTORIA, B. C. :

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1902.